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HOUSE BILL 316

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Mimi Stewart

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO TAXATION; REMOVING CERTAIN GROSS RECEIPTS AND
COMPENSATING TAX EXEMPTIONS FOR NATIONAL LABORATORIES AND
PROVIDING TEMPORARY GROSS RECEIPTS AND COMPENSATING TAX
DEDUCTIONS FOR THOSE LABORATORIES; PROVIDING FOR A DISTRIBUTION
OF GROSS RECEIPTS TAX REVENUE TO THE PUBLIC SCHOOL FUND; MAKING
AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-9-15 NMSA 1978 (being Laws 1970,
Chapter 12, Section 1, as amended) is amended to read:

"7-9-15. EXEMPTION--COMPENSATING TAX--CERTAIN
ORGANIZATIONS.--

A. Exempted from the compensating tax is the use of
property by organizations other than a national laboratory that
demonstrate to the department that they have been granted

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1 exemption from the federal income tax by the United States
2 commissioner of internal revenue as organizations described in
3 Section 501(c)(3) of the United States Internal Revenue Code of
4 1954, as amended or renumbered, in the conduct of functions
5 described in Section 501(c)(3). The use of property as an
6 ingredient or component part of a construction project is not a
7 use in the conduct of functions described in Section 501(c)(3).
8 This section does not apply to the use of property in an
9 unrelated trade or business as defined in Section 513 of the
10 United States Internal Revenue Code of 1954, as amended or
11 renumbered.

12 B. As used in this section, "national laboratory"
13 means a federally funded research and development center
14 operated as a department of energy national laboratory."

15 Section 2. Section 7-9-29 NMSA 1978 (being Laws 1970,
16 Chapter 12, Section 3, as amended) is amended to read:

17 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
18 ORGANIZATIONS.--

19 A. Exempted from the gross receipts tax are the
20 receipts of organizations other than a national laboratory that
21 demonstrate to the department that they have been granted
22 exemption from the federal income tax by the United States
23 commissioner of internal revenue as organizations described in
24 Section 501(c)(3) of the United States Internal Revenue Code of
25 1954, as amended or renumbered.

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1 B. Exempted from the gross receipts tax are the
2 receipts from carrying on chamber of commerce, visitor bureau
3 and convention bureau functions of organizations that
4 demonstrate to the department that they have been granted
5 exemption from the federal income tax by the United States
6 commissioner of internal revenue as organizations described in
7 Section 501(c)(6) of the United States Internal Revenue Code of
8 1954, as amended or renumbered.

9 C. This section does not apply to receipts derived
10 from an unrelated trade or business as defined in Section 513
11 of the United States Internal Revenue Code of 1954, as amended
12 or renumbered.

13 D. As used in this section, "national laboratory"
14 means a federally funded research and development center
15 operated as a department of energy national laboratory."

16 Section 3. Section 7-9-60 NMSA 1978 (being Laws 1970,
17 Chapter 12, Section 4, as amended) is amended to read:

18 "7-9-60. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL
19 GROSS RECEIPTS TAX--SALES TO CERTAIN ORGANIZATIONS.--

20 A. Except as provided otherwise in Subsection B of
21 this section, receipts from selling tangible personal property
22 to organizations other than a national laboratory that have
23 been granted exemption from the federal income tax by the
24 United States commissioner of internal revenue as organizations
25 described in Section 501(c)(3) of the United States Internal

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1 Revenue Code of 1986, as amended or renumbered, may be deducted
2 from gross receipts or from governmental gross receipts if the
3 sale is made to an organization that delivers a nontaxable
4 transaction certificate to the seller. The buyer delivering
5 the nontaxable transaction certificate shall employ the
6 tangible personal property in the conduct of functions
7 described in Section 501(c)(3) and shall not employ the
8 tangible personal property in the conduct of an unrelated trade
9 or business as defined in Section 513 of the United States
10 Internal Revenue Code of 1986, as amended or renumbered.

11 B. The deduction provided by this section does not
12 apply to receipts from selling construction material or from
13 selling metalliferous mineral ore.

14 C. As used in this section, "national laboratory"
15 means a federally funded research and development center
16 operated as a department of energy national laboratory."

17 Section 4. A new section of the Tax Administration Act is
18 enacted to read:

19 "[NEW MATERIAL] DISTRIBUTION TO PUBLIC SCHOOL FUND. -- A
20 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
21 made to the public school fund in an amount equal to the net
22 receipts attributable to the gross receipts tax imposed on a
23 federally funded research and development center operated as a
24 department of energy national laboratory that is an
25 organization described in Section 501(c)(3) of the Internal

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1 Revenue Code. The distribution made pursuant to this section
2 shall be considered as new revenue to the public school fund
3 and shall not be offset by a reduction of previously existing
4 revenue sources or of the level of appropriation from those
5 resources. "

6 Section 5. A new section of the Gross Receipts and
7 Compensating Tax Act is enacted to read:

8 "[NEW MATERIAL] DEDUCTION-- COMPENSATING TAX-- NATIONAL
9 LABORATORY. --

10 A. A national laboratory may deduct the following
11 percentages of the value of property in computing the
12 compensating tax due on the use of the property by the national
13 laboratory:

- 14 (1) for a taxable year beginning in 2003,
15 eighty percent;
- 16 (2) for a taxable year beginning in 2004,
17 sixty percent;
- 18 (3) for a taxable year beginning in 2005,
19 forty percent;
- 20 (4) for a taxable year beginning in 2006,
21 twenty percent; and
- 22 (5) for taxable years beginning on or after
23 January 1, 2007, no deduction shall be allowed.

24 B. As used in this section, "national laboratory"
25 means a federally funded research and development center

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1 operated as a department of energy national laboratory that
2 demonstrates to the taxation and revenue department that it has
3 been granted exemption from the federal income tax by the
4 United States commissioner of internal revenue as an
5 organization described in Section 501(c)(3) of the Internal
6 Revenue Code of 1986, as amended. "

7 Section 6. A new section of the Gross Receipts and
8 Compensating Tax Act is enacted to read:

9 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--NATIONAL
10 LABORATORY. --

11 A. Receipts of a national laboratory may be
12 deducted from gross receipts in the following amounts:

13 (1) for a taxable year beginning in 2003,
14 eighty percent of receipts;

15 (2) for a taxable year beginning in 2004,
16 sixty percent of receipts;

17 (3) for a taxable year beginning in 2005,
18 forty percent of receipts;

19 (4) for a taxable year beginning in 2006,
20 twenty percent of receipts; and

21 (5) for taxable years beginning on or after
22 January 1, 2007, no deduction shall be allowed.

23 B. As used in this section, "national laboratory"
24 means a federally funded research and development center
25 operated as a department of energy national laboratory that

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1 demonstrates to the taxation and revenue department that it has
2 been granted exemption from the federal income tax by the
3 United States commissioner of internal revenue as an
4 organization described in Section 501(c)(3) of the Internal
5 Revenue Code of 1986, as amended. "

6 Section 7. A new section of the Gross Receipts and
7 Compensating Tax Act is enacted to read:

8 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--
9 GOVERNMENTAL GROSS RECEIPTS TAX--SALES TO A NATIONAL
10 LABORATORY. --

11 A. Except as provided in Subsection B of this
12 section, receipts from selling tangible personal property to a
13 national laboratory may be deducted from gross receipts or from
14 governmental gross receipts in the following amounts:

15 (1) for a taxable year beginning in 2003,
16 eighty percent of the receipts;

17 (2) for a taxable year beginning in 2004,
18 sixty percent of the receipts;

19 (3) for a taxable year beginning in 2005,
20 forty percent of the receipts;

21 (4) for a taxable year beginning in 2006,
22 twenty percent of the receipts; and

23 (5) for taxable years beginning on or after
24 January 1, 2007, no deduction shall be allowed.

25 B. The deduction provided by this section does not

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1 apply to receipts from selling construction material or from
2 selling metalliferous mineral ore.

3 C. As used in this section, "national laboratory"
4 means a federally funded research and development center
5 operated as a department of energy national laboratory that
6 demonstrates to the taxation and revenue department that it has
7 been granted exemption from the federal income tax by the
8 United States commissioner of internal revenue as an
9 organization described in Section 501(c)(3) of the Internal
10 Revenue Code of 1986, as amended. "

11 Section 8. EFFECTIVE DATE. --

12 A. The effective date of the provisions of Sections
13 1 through 3 and 5 through 7 of this act is July 1, 2003.

14 B. The effective date of the provisions of Section
15 4 of this act is August 1, 2003.

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